

LOSS ADJUSTMENT MANUAL FOR MULTIPLE CROPS

(For 1953 and Succeeding Crop Years)

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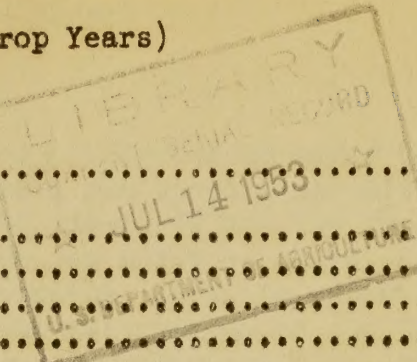


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LOSS ADJUSTMENT MANUAL
FOR MULTIPLE CROPS
(For 1953 and Succeeding Crop Years)

INTRODUCTION

This procedure contains detailed instructions for adjusting losses under the Multiple Crop Insurance Contract. The adjuster should familiarize himself with the insurance contract (the application, policy, and rider(s)) and the general provisions of the program including other procedures for multiple crops, as well as with his responsibilities, those of the state director, district supervisor, county committee and the insured in order that he may ably represent the Corporation in his field contacts. In addition he must know the principles of loss adjustment contained in the Adjustor's Handbook issued in August, 1949. Detailed instructions relative to Form FCI-8-Revised, "Notice of Material Damage or Loss" (herein called "Form 8") are contained in General Procedure 8 - Revised.

The instructions contained in this Manual are generally applicable to all crops. Special instructions relative to dry beans, canning peas, corn, cotton, hay, peanuts, potatoes, snap beans, strawberries, sugar beets, sugarcane, sweet corn, tobacco, tomatoes, and seed crops are contained in Section VII.

SECTION I. BASIC INFORMATION

Subsection A. General

1. The Policy and Rider No. 1 for the County

In the multiple crop insurance policy there are set forth the general terms and conditions under which the insurance protection is provided. These policy provisions are applicable in all counties. However, Rider No. 1 to the policy contains the details of the insurance program which are peculiar to the individual county. The adjuster must have in his possession at all times a copy of the policy and county Rider No. 1, since there is no other source for all the information they contain. Although this procedure deals specifically with certain provisions of the policy and the county rider, it is not feasible to cover completely the provisions they contain. It is essential that the adjuster understand all provisions of the policy and the rider and make frequent reference to these documents to assure that losses are adjusted in strict conformity with the terms and conditions of the insurance contract.

2. Insurance Unit

It is essential that the adjuster clearly understand what constitutes an insurance unit because one of the first determinations he must make at the time of each inspection is what land constitutes the insurance unit to be inspected. Losses are adjusted on an insurance unit basis.

The adjuster must determine whether the insured's contract is operating on the basis of a combination unit or on individual insurance units. For contracts originating in 1951 or prior years and carried over from year to year since that time, the insured has individual insurance units unless he elected in writing (on the original application or on a separate form filed in his county office folder) to have a combination unit.

For contracts originating in 1952 or subsequent crop years, the insured has a combination unit unless his application or a proper written statement in his county office folder shows his election to have individual units.

a. If the contract is not operating on the basis of a combination unit or if the rider to the policy does not contain a special provision modifying the definition of an insurance unit for the acreage, the insured has a separate insurance unit for each of the following-described situations:

- (1) For an Owner-Operator all insurable acreage in the county in which he has 100 percent interest at the time of planting plus any acreage owned by him and worked for him by sharecroppers at the time of planting is one insurance unit. It should be remembered that the share in the insured crop(s) is not a sufficient guide to identify sharecroppers. Any person who shares in the insured crop(s) and works a farm in whole or in part under the supervision of the operator, with workstock and equipment furnished by another person is a sharecropper.
- (2) For a Landlord all insurable acreage in the county which is owned by him and rented to one share tenant at the time of planting is one insurance unit.
- (3) For a Tenant all insurable acreage in the county which is owned by one person and operated by the insured as a share tenant at the time of planting is one insurance unit. "Operated by the tenant" includes operations with his own labor, wage-hands, or sharecroppers, or any combination.
- (4) For a Sharecropper all insurable acreage in the county which is owned by one person and worked by the sharecropper at the time of planting is one insurance unit.

Except in the special cases referred to in paragraph b. below, when land is rented for cash or for a fixed commodity payment, the lessee is considered the owner. In some cases an insured may have one or more insurance units as a landlord or owner-operator and in addition he may work additional land as a tenant or as a sharecropper.

b. Special provision regarding insurance unit in certain counties. In some counties Rider No. 1 to the policy contains a provision that "where a share tenant rents land for a share of the crop and rents other land owned by the same person for cash, for a fixed commodity payment, or for other consideration, all such land which is planted to insurable crops shall constitute an insurance unit, except in cases where a combination unit is in effect for the crop year." See Section II, Subsection A, paragraph 3, for detailed instructions regarding the application of this provision in counties concerned.

In these counties all other acreage on which the insured shares in the crop shall be classified into insurance units in accordance with paragraph a. above.

Note: See Rider to Policy for definition of "time of planting" for crops other than annual crops.

3. Insurable Acreage

For each crop year of the contract, any acreage is insurable only if a coverage is shown therefor on the county actuarial table on the applicable calendar closing date for filing applications for that crop year, and provided that if special farming practice(s) are recognized on the actuarial tables, the farming practice(s) followed on such acreage is one for which a coverage was established.

The adjuster must determine whether or not the acreage is in a classified area, and where special practices are involved, whether or not a coverage has been established for the practice followed.

4. Acreage Not Covered by Insurance

a. Insurance does not attach with respect to:

- (1) any acreage planted to an insured crop which is destroyed or substantially destroyed and on which it is practical to replant to the same insured crop, and such acreage is not replanted to such crop,
- (2) any acreage initially planted to an insured crop too late to expect a normal crop to be produced,
- (3) any acreage planted for harvest in a crop year for which cancellation of the contract becomes effective, or
- (4) any acreage of an insurable crop which is less than the minimum acreage, if any, specified for the crop in Section 1 of the Rider to the Policy.

None of the above acreage will be entered on the loss claim, and any production harvested from such acreage will not be counted in determining the amount of loss, provided the insured keeps the production from this acreage separate from the production from insurable acreage or maintains records satisfactory to the Corporation to establish the part of the production that was obtained from insured acreage.

- b. Insurance also does not attach with respect to any acreage designated on the acreage report as being planted for a purpose other than that for which insurance is provided by the contract for the crop. None of such acreage will be entered on the loss claim; however, any production harvested from such acreage will be included on the loss claim in determining the amount of loss for the insurance unit.
- c. In those counties for which an irrigated coverage is established, insurance does not attach on (1) any acreage planted to insurable crops the first year after being leveled, or (2) any acreage the first year such acreage is irrigated. None of such acreage shall be entered on the loss claim.
- d. For perennial crops, see the rider to the policy for special conditions regarding a stand of the crop, etc., which must be met in order for insurance to attach.

- e. In all counties which have a fall cancellation date and a spring closing date the rider to the policy provides in Section 1 that insurance will not attach to certain fall planted crops during the first year of the contract unless the application for insurance was filed by a specified date. In those counties, it is necessary that all adjusters understand which crops are involved and make a positive determination as to (1) whether it is the first year of the contract and (2) whether the application was filed by the date specified for the crop in Section 1 of the rider. None of the acreage excluded by this provision shall be entered on the loss claim.
- f. The contract does not provide insurance for mixtures of two or more of the insurable crops unless such mixtures are specified in the rider to the insured's policy as being insurable.
- g. See the rider to the policy for any other types of acreage specifically excluded from insurance.

5. Appraisal of Production for Causes of Loss Not Insured Against

The contract guarantees the insured producer protection against loss of production due to the following causes when unavoidable: drought, flood, hail, wind, frost, winterkill, freeze, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, plant disease, and pole burn. In addition there are included in county riders, where applicable, certain other insured causes of loss for irrigated acreage. Since the contract insures only against loss of production due to specified causes of loss, it follows that the contract does not cover loss due to any other cause unless such cause of loss is approved by the Board of Directors.

In adjusting a loss the adjuster must keep in mind at all times that the contract, in addition to setting forth those insurable causes of loss mentioned above, also sets forth many causes of loss which are not insured against. It is important with respect to loss adjustment to remember that any cause of loss not insured against by the contract is an uninsured cause of loss, plus the fact that any of the above-specified causes of loss are not insured against if they are due to neglect or malfeasance of the insured or any other person in his household or employment or connected with the farm as a tenant or wage-hand.

In every case it must be established whether any part of the loss is due to any cause(s) not insured against. Where any such loss is involved, an appraisal of the amount of production lost due to the uninsured cause(s) of loss must be made. Establishing the amount of this appraisal requires the exercise of sound judgment.

For example, loss due to failure of the insured to take adequate measures to control insect infestation, plant disease or weeds when such measures are practical and have proven effective in the area, is avoidable and is an uninsured cause of loss. On the other hand, loss due to insect infestation or plant disease, where the insured carried out adequate control measures, is unavoidable, and therefore is an insured cause of loss. Where the insured failed to carry out adequate control measures the adjuster must determine what control measures were taken by other farmers in the area and what effect the measures taken had on production in order to determine the amount of the uninsured loss.

6. Transfer of Interest

Where the adjuster finds that there has been a transfer of interest in any insured crop after the beginning of planting of the crop but before the beginning of harvest of the crop or the time of loss, whichever occurs first, he shall determine whether Form FCI-21-Revised, "Transfer of Interest" (herein called "Form 21") has been filed with the county office. The Corporation will accept Form 21 in the case of any valid transfer, if the Form 21 is filed within 15 days after the date of transfer.

If more than 15 days has elapsed since the date of the transfer and the adjuster finds that Form 21 has not been filed, he shall inform the transferee that if he desires insurance on the interest transferred he may file Form 21 with the county office or with the adjuster provided that (1) the premium was paid prior to the date of the transfer, or (2) there is a satisfactory co-signer to the premium note, or (3) it is during the growing season and the Corporation determines by inspection that none of the insured crops involved in the transfer have been damaged since the date of the transfer.

A transfer of interest will not be recognized for any crop on which harvest was begun before the transfer occurred.

In any case where the transferee has not filed a Form 21 with the county office the adjuster shall prepare a Form FCI-6, setting out all the facts pertinent to the case, including information that would be necessary if Form 21 were filed and forward such Form 6 to the state director immediately. If the transferee files a Form 21 with the adjuster it shall be attached to the Form 6 and forwarded to the county office. Detailed instructions covering the conditions under which the transferee may obtain insurance and the execution of Form 21 are contained in FCI - General Procedure 8 - Revised.

When adjusting a loss in a case where the transfer involves only a portion of the acreage on the insurance unit the adjuster should obtain all basic information on the transferred acreage whether or not an acceptable Form 21 has been executed. This is necessary in order for the Corporation to compute any indemnity which may be due the transferor on the acreage not transferred.

SECTION II. INSPECTIONS

Subsection A. General

The state director will issue instructions as to when and under what conditions inspections will be made upon receipt of Forms 8. Where an inspection is required under these instructions it is important that such inspection be made promptly.

1. Waiver of Inspection

An inspection need not be made during the growing season if the Form 8 does not include a request for release of acreage and if the state director or the person designated by him determines that an inspection is not necessary. In such cases a letter shall be sent to the insured setting forth the following:

- a. The insured's contract number and the description of the acreage involved;
- b. The reason an inspection is not deemed necessary at that time;
- c. That any later material damage to the crop(s) should be reported promptly;
- d. That he should report any loss under his contract (1) immediately after he completes harvest on the insurance unit, (2) by the time farmers normally complete harvest of the insured crops grown by him, or (3) by the calendar date stated in his policy as the end of the insurance period, whichever is earliest;
- e. The evidence of planting should not be destroyed or other use made of the acreage before an inspection is made by a Corporation representative.

In order that the letter will contain the required information, it should be prepared by the state director and a supply mimeographed. If the district supervisor(s) or adjustor(s) are authorized by the state director to waive inspections, the mimeographed letter shall be used by them to notify insureds.

This letter should be prepared in triplicate, the original mailed to the insured, a copy forwarded to or retained by the state director, and a copy filed in the insured's county office folder.

No further action on the part of the adjuster is necessary on the case unless another Form 8 is received, or the state director or the person designated by him determines that an inspection is necessary. Then an inspection should be made promptly.

2. Preliminary Steps Before Inspection

The adjuster shall visit the county office and familiarize himself with all material in the insured's file including current correspondence and any Form FCI-063-M, "Inspection Report for Multiple Crops" (herein called "Form 63") previously prepared, and shall obtain records and other data which will be helpful to him in making the inspection. This review may be waived if such information is otherwise available to the adjuster, or is not needed by him in making an early inspection. Instructions for preparation of the Inspection Report are contained in the inside of the front cover of the pad of Forms 63.

3. Special Insurance Unit in Certain Counties

In some counties Rider No. 1 to the policy contains a provision that "where a share tenant rents land for a share of the crop and rents other land owned by the same person for cash, for a fixed commodity payment, or for other consideration, all such land which is planted to insurable crops shall constitute an insurance unit, except in cases where a combination unit is in effect for the crop year." In these counties, if the insured has a combination unit, all acreage of all insured crops covered by the contract will be shown on the same loss claim since there would be only one insurance unit. If the insured does not have a combination unit, the adjuster must identify all cases where the insured works land which he rents for a share of the crop and also works land which he rents from the same person for cash or for a fixed commodity payment

and make certain that all such acreage is entered on the same loss claim as one insurance unit. A positive check to identify these cases must be made for each loss claim. Therefore for each insured who does not have a combination unit (1) the adjuster must determine whether the insured is a share tenant on a part of the insured acreage and has 100% interest in a part of the insured acreage, and (2) if the answer under (1) above is "yes" the adjuster must prepare a Form 6 showing the names of the persons who actually own the land on which the insured has 100% interest in the insured crops, and where the land is owned by more than one person, identify the land owned by each such person, and set forth the approximate number of acres of each insured crop on the land owned by each. The Form 6 should be transmitted to the state director with the loss claim.

4. Inspection Prior to the Time the Acreage Report is Filed

- a. If, in connection with fall planted crops, an inspection is made prior to the time the insured could be expected to have filed an acreage report (because the planting of spring crops has not started or is not far enough advanced) any necessary release of damaged acreage shall be made but no attempt shall be made to obtain either a partial or total acreage report.
- b. If an acreage report has not been submitted at the time of the inspection and the planting of spring crops generally is reasonably complete, the adjuster should prepare the acreage report and the inspection report in the regular manner and should continue to follow this practice until 30 days after completion of planting of the last insured crop in the county or the discount date stated in the rider, whichever is later.
- c. If an acreage report has not been submitted and the inspection is made after the discount date and more than 30 days after the completion of planting the last insured crop, the adjuster shall prepare a Form 63 for each insurance unit in which the insured had an interest at the time the insurance attached. The Form(s) 63 shall be prepared in the regular manner except that no acreage shall be released. This will mean that no entry is to be made in column D of Form 63 in such cases. The adjuster shall set forth in detail in the space for "Remarks" on Form 63 or on Form 6:
 - (1) the reason given by the insured why the acreage report had not been filed within the 30-day period,
 - (2) the estimated total acreage of the insured crop(s) on the unit and the insured's interest therein,
 - (3) the acreage damaged and the extent of damage,
 - (4) the condition of the crop and any appraisal of production, and
 - (5) all other pertinent facts including full information as to previous efforts made to secure the acreage report.

The case shall be referred immediately to the state director.

5. Inspection After the Acreage Report is Filed

- a. If an acreage report has been filed and it includes acreage for the unit, the adjuster should prepare the inspection report in the regular manner. If an acreage of an insured crop is released and is to be planted to a substitute insured crop in time to expect a normal crop to be produced, the adjuster should obtain a "supplemental" acreage report (listing only the substitute insurable crop) in accordance with the County Acreage Report Procedure.
- b. If an acreage report has been filed previously by the insured but no part of the unit on which the damage has occurred is listed on the acreage report, a Form 63 shall be prepared for the unit in the regular manner except that no acreage shall be released. The adjuster shall set forth in detail in the space for "Remarks" on Form 63 or on Form 6,
 - (1) the insured's reason why the unit was not reported on the acreage report,
 - (2) the estimated total acreage of the insured crop(s) on the unit and the insured's interest therein,
 - (3) the acreage damaged and the extent of damage,
 - (4) the condition of the crop and an appraisal of any production, and
 - (5) all other pertinent facts including full information concerning any other unit for which no data are listed on the acreage report.

The case shall be referred immediately to the state director.

6. Inspection of Other Units

Where an insured has more than one unit and the adjuster has received a Form 8 for only one unit, he shall question the insured, or other person on the farm who knows the situation, concerning the condition of the crop(s) on the other units. When the inspection being made is:

- a. An early inspection and material damage has occurred on any other unit on which the insured wants acreage released, the adjuster shall prepare a Form 8 and complete the inspection on such other unit in the regular manner. However, if the insured does not want any acreage released on any other unit, no inspection will be made of such unit(s), unless the state director instructs the adjuster to make such inspections. The state director should instruct the adjuster as to the types of cases which would require inspection of other units. The insured's or other person's report of the condition of the crop(s) on other units should be noted in the narrative report.

When the insured, or other person who knows the situation, is not present on the farm at the time of the inspection, and the information concerning other units is not available, the adjuster should note this fact in his narrative report.

- b. A final inspection and a loss has occurred or is probable on any of the other units not covered by a Form 8, the adjuster shall prepare a Form 8 and proceed with an inspection and necessary loss adjustment in the regular manner. Inspections should not be made on other units when the insured states that a loss is not probable, unless the adjuster has reason to believe that production from the unit on which the loss was reported has been shifted to other units. For other units, where the insured states that a loss is probable but the crop will be harvested, the decision by the adjuster whether or not to make an inspection will depend on the added expense and the benefits to be derived from an inspection. If the unit is not inspected, the insured should be informed of his responsibility to give notice of loss immediately after completion of harvesting or by the calendar date for the end of the insurance period, whichever occurs first. Where inspections are not made on other units, the adjuster should make appropriate comment on his findings as provided below.

In such cases where an inspection is not made, an explanation should be given on a Form 6. This explanation should include the unit numbers, reason for not inspecting the units and the production of each insured crop as reported by the insured if harvesting has been completed on the unit. The explanation can be made in one of the following forms:

"Units 3 and 4 were not inspected because the insured reported that the crops on the units are to be harvested and a loss is not probable"; or "The insured estimates a yield of (list for each insured crop on the unit the estimated yield per acre) on unit number 3 and a yield of (list estimated yields per acre for each insured crop) on unit number 4. The value of the total production for each unit based on these estimates is in excess of the coverage for the units"; or "Units 3 and 4 were not inspected because harvesting has not been completed on these units. The insured believes that a loss is probable and he has been informed of his responsibility to submit a Form 8 at completion of harvesting or by the end of the insurance period as stated in his policy, whichever occurs first."

If the insured, or other person who knows the situation, is not present to give the required information concerning other units, this fact should be noted in the Narrative Report. In cases where the insured was not present to sign the loss claim and must be contacted by mail or later by personal contact to obtain his signature, he should be informed that information was not available concerning the condition of his crop on the other units operated by him and no inspection had been made on those other units. He should also be informed that if a loss is probable on such other units, he should give immediate notice of loss so that prompt attention can be given to settlement of the case.

7. Release of Acreage

The contract provides that any acreage of an insured crop which is destroyed or substantially destroyed may be released by the Corporation. Any acreage shall be considered substantially destroyed if it is damaged to the extent that farmers generally in the area where the land is located would not further care for the crop or harvest any portion thereof. No insured acreage may be planted to a substitute crop or put to another use until the Corporation releases such acreage.

The release of acreage involves the inspection of the crop by a Corporation representative to determine the extent of damage and the production for the acreage, and giving the farmer official notice that he may put the acreage to whatever use he wishes. In doing this the Corporation is protecting its rights under the contract and making certain that a crop for which the Corporation has liability is not released if the condition of the crop justifies carrying it to harvest. The adjuster represents the Corporation in carrying out this function. The decision to release acreage may often be a difficult one for the adjuster to make. Insured producers may want immediate releases after damage occurs so as to enable them to plant substitute crops, and in such cases it is important that the damaged crops be inspected as soon as possible and releases granted where they are in order. However, the possibility of recovery by the crop should be given careful consideration in timing the inspection and release.

Before a release is made with respect to any acreage the adjuster must be satisfied that:

- a. It is too late to replant the acreage to the same crop (See Section 4(a)(1) of the policy.)

The question of when it is too late to replant shall be resolved by determining if producers generally in the area, particularly uninsured producers, are still planting or replanting the crop. If this is the case and it is practicable to replant the acreage to the same crop, the insured shall be advised that unless the acreage is replanted to the crop it will not be considered as insured acreage. The insured shall also be advised that no premium will be due and no loss will be payable on any such acreage which is not replanted.

- b. The crop is destroyed or substantially destroyed and assuming that favorable growing conditions will prevail until harvesttime, the crop is not worth further care.
- c. Other farmers generally in the area, uninsured as well as insured, would not further care for the crop or harvest any part of it.

Subsection B. Determining Production

1. Stages of Coverage and Production to be Counted

The use made of the insured acreage or the stage of production reached by the insured crop establishes the stage of coverage and the percent of the coverage per acre applicable to any acreage.

In many cases the determination of the stage of coverage involves a knowledge and use of the term "substitute crop". The policy defines a substitute crop as any crop, other than an uninsured legume crop, planted on released acreage for harvest in the current crop year.

The stages of coverage and methods to be used in determining the production to be counted are set forth below. In making the necessary computations, round after each computation.

As provided in the instructions for execution of the Statement in Proof of Loss, each separate acreage shown shall be rounded to whole acres or tenths of acres to agree with the rounding of similar acreages of the crop in question as shown on the coverage tables (Form FCI-36) for the crop.

a. All crops except cotton and sugar beets and snap beans

First Stage - Acreage Released and Planted to a Substitute Crop - 50% of the Coverage

The production to be counted for the acreage in this stage shall be determined as follows:

- (1) Multiply each acreage released and planted to a substitute crop by the appraisal per acre and total the results.
- (2) Multiply the total acreage which is released and planted to a substitute crop by the coverage per acre for this stage.
- (3) Divide the result in (2) by the predetermined price.
- (4) If the production obtained under (1) exceeds the result obtained under (3), the excess is the production to be counted.

Second Stage - Acreage Not Planted to a Substitute Crop - 100% of Coverage

The production to be counted for this acreage is the harvested production of the crop and the appraisal of any unharvested production.

b. Cotton, Sugar Beets, and Snap Beans

See Section VII for stages of coverage and methods of determining production to be counted for these crops.

2. Appraisal of Unharvested Production

- a. In all instances where an insured crop has been harvested and unharvested production remains in the field, an appraisal shall be made of such unharvested production. The entire appraisal shall be counted as production.
- b. Under the terms of the contract the Corporation has the right to release any insured acreage and adjust the loss on the basis of an appraisal of the yield that would be realized if the crop were harvested. This provision will be used in the following cases:
 - (1) In connection with corn, after the crop has reached or is approaching maturity, and the insured wishes to make some use of it other than harvest as grain, or in other cases where early settlement of the loss is advisable, and
 - (2) In connection with all other crops on the insurance unit at or near the end of the insurance period.

Before releasing a crop under the above conditions the adjuster will be furnished special instructions by the state director.

In all cases where losses are adjusted in accordance with (1) or (2) above and the indemnity is paid, the settlement is final and cannot be reopened except where bad faith is involved. The adjuster should inform the insured of the finality of settlement in all such cases.

- c. It is also provided that corn and grain sorghum may be used for ensilage or fodder without a release by the Corporation, provided a number of rows are left which are considered by the Corporation to be an adequate representative sample for appraising the yield. If the insured harvests the corn or grain sorghum crop on any acreage for ensilage or fodder without a release by the Corporation and does not leave a satisfactory sample of rows, the adjuster shall determine by appraisal the production which would have been realized if the crop had remained for harvest. The appraised production in such cases shall not be less than the number of bushels obtained by dividing the harvested stage coverage for the acreage by the predetermined price.

3. Appraisal of Production for Cause(s) of Loss Not Insured Against

- a. When an acreage is put to another use without the consent of the Corporation, the production to be counted shall be the larger of (a) the appraised production for such acreage or (b) a quantity of the commodity equal to the harvested stage coverage for such acreage divided by the predetermined price for the crop.
- b. When the yield on an acreage has been reduced solely by cause(s) not insured against, including abandonment, the production to be counted will be the harvested production for the acreage plus the appraisal of any unharvested production, plus the appraised loss of production due to the uninsured damage. This total amount of production to be counted should equal the total appraised production that could have been realized from the acreage if it had received proper care and if ideal growing conditions had prevailed until harvesttime, but in no event will this amount be less than a quantity of the commodity equal to the harvested stage coverage for such acreage divided by the predetermined price.
- c. Where the yield is reduced due partially to cause(s) not insured against, including abandonment, and partially to cause(s) insured against, the loss of production for such acreage due to uninsured causes shall be determined by appraisal.

4. Production Eligible for an Adjustment for Quality

Adjustments for quality are to be made only in cases where the damage to the insured crop occurred during the insurance period and resulted from causes of loss insured against.

An adjustment for quality where applicable shall be made as follows where:

- a. Any harvested production (and unharvested production where applicable) of alta fescue, Austrian winter peas, barley, common ryegrass, field corn, flax, grain sorghums, oats, peanuts, Irish potatoes, rice, rye, soybeans, vetch, and wheat which will not meet the latest available requirements for a CCC loan or support because of poor quality and would not meet these requirements if properly handled. In these cases the damaged production shall be evaluated at a value per unit determined by the adjuster not to exceed the predetermined price for the crop.

b. See Section VII for quality adjustment on cotton.

When an adjustment for quality is made (1) the number of units of damaged production, (2) the price per unit and value of such production as determined by the adjuster, and (3) a full explanation of how the value was determined, shall be entered in "Remarks" on the Inspection Report.

In establishing the value of damaged production, the adjuster shall consider all available markets within a reasonable distance from the insurance unit. Markets shall not be confined to gins, warehouses, elevators and grain terminals but shall include individual and commercial buyers, etc. If, however, the delivery point is beyond the distance the insured reasonably could be expected to make a delivery, the shipping charges should be deducted from the price in determining the value of the damaged production.

The value of the damaged corn shall be determined on a volume ear corn basis and no moisture factor, test weight, or shelling percentage shall be used because those factors are taken into consideration in the appraised value per bushel of ear corn made by the adjuster.

SECTION III. ADJUSTMENT OF CLAIMS

Subsection A. General

1. Responsibilities of the insured:

- a. If a loss is probable the insured is required to notify the county office immediately after any material damage to any insured crop during the growing season.
- b. The insured is required to give notice of damage or probable loss to the county office within 15 days after the completion of harvest (sale in the case of tobacco) of the last insured crop, or the calendar date for the end of the insurance period under the contract, whichever date is earlier, if a loss has been sustained on the insurance unit. If this notice is not given within the time set forth above, the Corporation reserves the right to reject any claim for indemnity. Compliance with this provision is essential in order that inspections may be made while the facts can best be determined.
- c. If a loss is claimed the insured shall submit Form FCI-267-M, or Form FCI-367-M, "Statement in Proof of Loss for Multiple Crops (herein called "Form 67") within 60 days after the time of loss. With the following exceptions the 60-day period begins at the completion of harvest or removal from the field of the last insured crop.
 - (1) If any crop(s) remain unharvested at the calendar date for the end of the insurance period set forth in the rider to the policy, the 60-day period will begin at that time.
 - (2) If tobacco is insured and is sold later than the harvest of other crops the 60-day period begins upon the sale of the tobacco or the calendar date for the end of the insurance period for tobacco, whichever is earlier.

- (3) If all the acreage on the insurance unit is destroyed or substantially destroyed and released prior to harvest, the 60-day period begins at the date of the last damage causing the release.

If a claim is submitted after the 60-day period, see Section IV of this procedure.

- d. The insured shall establish that the amount of any loss for which claim is made has been directly caused by one or more of the hazards insured against by the contract during the insurance period, and that none of the claimed loss has arisen from or been caused by, either directly or indirectly, any of the hazards not insured against.

*Note: The remaining supply of Form FCI-267-M should be used before beginning use of new Form FCI-367-M.

2. Responsibilities of the adjuster:

- a. The adjuster shall check the date the insured gave notice of loss at the county office, as shown on Form 8. If the notice of loss was not given within the time specified in 1. b. above, the case shall be handled as provided in Section IV, Subsection B, hereof.
- b. The adjuster shall not complete a Form 67 until:
 - (1) he has established the identity of the acreage constituting the insurance unit and has inspected all fields or tracts in the unit,
 - (2) he has verified the coverage and rate area(s) in which the acreage is located,
 - (3) he has accurately determined the acreage planted to each insured crop on the unit and has established the insured's share in each crop,
 - (4) he has verified to his satisfaction that all of the production for the unit has been reported,
 - (5) he has made any necessary appraisals of production per acre, including appraisals for uninsured and avoidable causes of loss, and
 - (6) he has determined all causes of loss and that the loss claimed is due to unavoidable causes which are insured against.
- c. The adjuster shall make certain that all insurable acreage of each insured crop grown on the insurance unit (except acreage to which no insurance attached as provided in Section I, Subsection A, Paragraph 4) is included on Form 67. This is necessary even though one or more of these crops or a part of the acreage was not included on the acreage report. Likewise all of the production from all such insurable acreage on the insurance unit shall be included on Form 67 in determining the amount of loss.
- d. The adjuster shall not approve a Form 67 covering a unit on which any acreage of any crop, except cotton, snap beans and sugar beets, is released until he determines the use made of this acreage. In the case of cotton, snap beans, and sugar beets, the use made of released acreage has no effect on the coverage applicable to such acreage.

- e. The adjuster shall not approve a Form 67 if there is any possibility of harvesting any production from the unit, except where the loss is adjusted at or near the end of the insurance period on the basis of an appraisal of unharvested crops on the unit.
- f. The adjuster shall prepare Form FCI-26, 'Adjuster's Report' in connection with each Form 67 filed. The Form FCI-26 shall be attached to the related Form 67 when it is submitted to the state director.
- g. In any case where a timely notice of loss is filed by the insured, the adjuster shall not refuse to assist the insured in filing Form 67 even though the adjuster feels that the claim has no merit and cannot recommend approval.

Subsection B. General Instructions Applicable to Preparation of Form 67

1. If the insured's contract is not operating on the basis of a combination unit, a separate Form 67 shall be prepared for each unit on which a loss is claimed. If the contract is operating on the basis of a combination unit, data for the entire combination unit shall be included on one Form 67.
2. Where the insured commingles production from two or more insurance units and fails to establish and maintain separate records of production for each unit which are satisfactory to the Corporation and all the acreage from which production is commingled is insured, the case shall be handled in accordance with subsection C, item 10, of this Section.

Where production from uninsured acreage is commingled with production from insured acreage and the insured fails to establish and maintain separate records of production which are satisfactory to the Corporation, the production from the uninsured acreage will be considered to have been produced on the insured acreage and the loss adjusted in the usual manner.

However, if in either of the above cases the adjuster feels that insurance with respect to such units should be voided for the current crop year, he shall prepare Form 6 setting forth the facts which he feels justify this action and his recommendation. In such case the adjuster should not sign Form 67. If the insurance for such units is voided, the insured still may be required to pay the current premium.

3. When a Form 67 is filed on the basis of appraisal of unharvested crops in the field, the insured shall be advised that the settlement will be considered final and a supplemental claim cannot be filed later on the basis of harvested production.
4. The insured and the adjuster certify only to the basic data appearing on Form 67, which include the measured acreages, the insured interest, the total harvested production, the appraisals of production, and the cause(s) of damage. Therefore, the adjuster shall complete Form 67 only to the extent provided hereinafter.
5. Where it appears that there will not be a loss on the unit, or where the insured requests information as to the approximate amount of indemnity he may expect to receive, the adjuster may perform the necessary computations on a scratch pad, using the instructions on the inside of the front cover of the pad of Forms 67, and inform the insured of the approximate amount of his indemnity before any deduction for indebtedness. If there is no loss, the adjuster should explain to the insured why there is no loss.

6. In all cases the insured shall be advised that the required computations will be made by the Corporation and that his copy of Form 67 will be mailed to him after the audit is completed.
7. In any case where a statement of facts is required Form 6 should be used to record the necessary information. In any case where more than one statement of facts is required, all such statements may be entered on the same Form 6 insofar as space permits.
8. Where applicable, the adjuster shall advise the insured of the following:
 - (a) If the premium for the insurance unit computed on the basis of the measured acreage is less than the premium for the insurance unit as shown on the acreage report, the loss, if any, will be settled on the basis of the measured acreage and the premium adjusted accordingly.
 - (b) If the premium for the insurance unit computed on the basis of the measured acreage exceeds the premium for the insurance unit as shown on the acreage report, the loss which would otherwise be determined will be reduced proportionately.

Subsection C. Preparation of Form 67

1. Rounding Fractional Units: In connection with any computation, rounding shall be performed as follows: Carry the computation one digit beyond the digit to be rounded. If the last digit is 5 or larger, round upward; if the last digit is 4 or smaller, disregard it.
2. Heading: These entries are self-explanatory. Except for a Form 67 filed by an assignee or transferee, the name of the insured should agree with the way it appears on the file copy of the application. If it does not agree Form 6 fully explaining the difference shall be attached to Form 67. If the claim is filed by an assignee or transferee it shall be so designated.
3. Parts I and II -- Basic Data and Computation of Loss. Except as otherwise provided below instructions for completion of the Statement in Proof of Loss are contained on the inside of the front cover of the pad containing Form 67 and will not be repeated in this procedure.
 - a. The adjuster will fill in columns with solid lines (Cols. A, B, C, D, and I) before the insured has signed Form 67. The state director may require that the adjuster fill in the columns with dotted lines (Cols. E, F, G, H, J, and K), or these columns may be completed in the state office.
 - b. Instructions for completing Column D, Part I of Form FCI-267-M, "Insured's Interest" should read, "Column D: Enter the insured's interest in the crop at the time of loss or beginning of harvest, whichever occurs first. (100, .667, .50, .333, etc.)". This correction has been made in the instructions on the inside of the front cover of the pad containing the new Form FCI-367-M.
 - c. In any instance where the price as shown on the actuarial table is based on a unit different from the unit for counting production as included in the Rider to the Policy, (i.e., pounds used on the rider and tons used in connection with the predetermined price) the adjuster shall obtain a price from the state director for the unit prescribed in the Rider.

d. In each instance where separate lines in Part I of Form 67 are required for parts of the acreage of an insured crop on an insurance unit, all such acreages of the same crop shall be entered on consecutive lines. The next line shall be left blank for use in Columns (E) and (F). On the blank line in Column (E) the sum of the coverages for the crop will be entered and all coverages in that column for the crop except the total coverage for that crop will be encircled. On the applicable blank line in Column (F) the premium for the insured's total gross coverage for the crop will be entered. (Refer to Example No. 2 attached to the Multiple Crop - County Acreage Report Procedure for 1952 and Succeeding Crop Years dated March 31, 1952.)

e. In cases where different premium rate group numbers are applicable to parts of the acreage of a crop, the acreage and related data will be shown on Form 67 in the same manner as provided in (d) above, except that for these special cases (1) the premium will be determined and entered in Column (F) for each separate acreage, in accordance with Supplement 1 A to the County Acreage Report Procedure - Multiple Crop (For 1952 and Succeeding Crop Years) dated April 22, 1952; and (2) the total premium for the crop will not be entered in Column (F).

4. Acreage of Crops Planted for Harvest as Grain, Beans or Seeds and Used for Hay.

An insurable acreage of grain, bean or seed crops which is used for hay but which was not designated on the acreage report to be used as hay shall be included as insured acreage on the loss claim. An appraisal shall be made of the production that would have resulted if such crops had been harvested as grain, beans or seed. If such acreage was not released by the Corporation, the appraisal shall not be less than the amount of production obtained by dividing the harvested stage coverage for such acreage by the predetermined price, except in cases where the rider to the policy provides that the crop may be harvested for either seed or hay.

5. Acreage Designated on the Acreage Report as Not Being Planted for Grain, Beans or Seed and which is Harvested as Grain, Beans or Seed:

Any such acreage shall not be included on Form 67 but any production of grain, beans or seed harvested from such acreage shall be included on Form 67 as production from the insured acreage.

6. Percent of Coverage Applicable in Each Stage. (Col. G - Form 63, and Col. G - Form 67).

The entry for "Percent Coverage" to be made in these columns shall be determined by the "Stage of Coverage" applicable to the acreage involved.

For all crops except cotton, sugar beets and snap beans

| | |
|-----------|-------------|
| 1st stage | 50 percent |
| 2nd stage | 100 percent |

For Cotton

| | |
|-----------|-------------|
| 1st stage | 40 percent |
| 2nd stage | 75 percent |
| 3rd stage | 100 percent |

For Snap Beans

| | |
|-----------|-------------|
| 1st stage | 40 percent |
| 2nd stage | 100 percent |

For Sugar Beets

| | |
|-----------|-------------|
| 1st stage | 20 percent |
| 2nd stage | 40 percent |
| 3rd stage | 75 percent |
| 4th stage | 100 percent |

7. Insured Mixtures: Each crop in an insured mixture should be entered on a separate line in Column A and all the crops in the insured mixture bracketed. In such cases only one line should be used in Columns B, C, D, E, F, G, and H, but the crops in the insured mixture must be handled separately in Columns I, J, and K, if the contract provides for counting harvested production separately. The names of all crops except the crop which determines the coverage applicable to the insured mixture should be encircled.
8. Adjustment for Quality. When an adjustment for quality is made (except in the case of cotton, in which case see Sec. VII) the total quantity of the damaged production shall be entered in Column I of Form 67 and the value per unit as determined by the adjuster shall be entered in Column J. Where different values per unit apply to parts of the production of a crop, a separate line shall be used for the production having a different value per unit.
9. Transfer of Interest Cases (See also Paragraph 5 of Section I hereof)

Where there has been a transfer of interest on the insurance unit, the Corporation is not liable for a greater indemnity than would have been paid had the transfer not taken place.

a. Transfer of All or Part of the Insured Interest in All of the Insured Acreage and Crops on the Unit

Prepare a Form 67 for the transferee, and also one for the transferor where applicable, in the usual manner, except that the name of the insured and the insured interest shall be determined on the basis of the insured interest of the original insured and the information for the acreage and interest transferred.

b. Transfer of All or a Part of the Insured Interest in Some of the Insured Acreage and Crops

- (1) Prepare a Form 67 for the transferor if he retained an interest in the crop, and one for each transferee who had an interest in a crop(s) at the time of loss whether or not he is eligible to submit a claim. These forms shall be prepared in the usual manner except that the words "Transfer of Interest - data for a part of the insurance unit" shall be entered above the title. Where a Form 67 is prepared for the transferor, enter the acreage and interest not transferred. Where Form 67 is prepared for the transferee, enter the acreage and interest transferred to him. Where the transferee is not eligible to submit a claim (because of failure to file an acceptable Form 21) his signature should not be obtained.

- (2) Prepare a Form 67 covering the entire unit. The words "Transfer of Interest - data for entire insurance unit" shall be entered above the title of the form. It should be prepared as if no transfer of interest had taken place and should be completed only through Part I and need not be signed.
- (3) All Forms 67 prepared for the parts of the unit as well as the one prepared for the entire unit shall be submitted together.

10. Commingled Production:

- a. Where the insured commingles the production of any crop from two or more insurance units and fails to maintain separate records of production from which the adjuster can satisfactorily determine the production from each insurance unit, a Form 67 shall be prepared in the usual manner for each insurance unit except as follows:
 - (1) Enter the words "Part of a combination - Commingled Production" immediately above the title of each Form 67 listing data for an insurance unit.
 - (2) Complete only the "Heading" and columns A through H in Part I for each insurance unit.
- b. Prepare a Form 67 consolidating the data for all of the units and complete the form as if it were being prepared for a single unit, except as follows:
 - (1) Enter the words "Master - Commingled Production" immediately above the title of the form.
 - (2) Enter the unit number of all insurance units involved in the space provided for insurance unit number.
 - (3) Enter in column I all of the commingled harvested production.
 - (4) The adjustment factor, if any, will be determined in the regular manner except to enter in item 11(a) the sum of the premiums computed on the acreage report for the units from which the production was commingled and in item 11(b) the total premium shown in Column F of Form 67.

The settlement of loss claims in this manner in case of commingled production will not affect the number of insurance units and the premium for the contract will be the sum of the premiums for the insurance units involved.

Subsection D. Unusual Cases

If a case arises which because of some special circumstance is meritorious but which is not specifically covered by this procedure or if the application of this procedure results in an undue hardship on the insured, the case should be submitted in accordance with General Procedure 4.

Subsection E. Cases Where the Insured and Adjuster Cannot Agree

If the insured and the adjuster cannot agree on the settlement of a loss claim the case shall be referred to the supervisor. If the insured and the supervisor cannot agree two Forms 67 shall be prepared, one showing the data submitted by the insured and signed only by him, and the other showing the data determined by the supervisor and signed only by him. The supervisor shall submit both forms to the state director with a complete statement of facts. If the insured does not file his Form 67 at that time, he shall be advised by the supervisor that such Form 67 must be filed not later than 60 days after the time of loss. The insured shall be given an opportunity to submit a written statement supporting the loss claim submitted by him. Every effort should be made to handle these cases as promptly as possible.

Subsection F. Transmitting Forms 67 to the Director

The adjuster shall forward daily to the director all copies of all completed Forms 67. All copies of Form(s) 6 prepared as provided in this procedure shall be attached securely to the related Form 67.

SECTION IV. CORRECTED FORMS 67, DELAYED NOTICES OF LOSS
OR FORMS 67

Subsection A. Corrected Forms 67

If after a Form 67 has been filed by the insured and submitted to the state director it is found that any of the basic data thereon are incorrect because of a bona fide error on the part of the insured or the adjuster, a corrected Form 67 (plainly marked "corrected" in the heading thereof) shall be prepared and signed both by the insured and the adjuster. (However, unless the correction would change the indemnity as much as \$5.00 a "corrected" Form 67 shall not be approved by the adjuster.)

In addition, the adjuster shall prepare Form 6 fully explaining how the error occurred and including all facts pertinent to the case. The Form 6 shall be attached to the "corrected" Form 67 and transmitted promptly to the state director.

If after a Form 67 has been filed by the insured it is found that any of the basic data thereon are incorrect and it appears that the insured may have acted in bad faith by concealing some material fact, the adjuster shall prepare a Form 6 setting forth all pertinent facts regarding the case. This Form 6 shall be transmitted promptly to the state director. If the insured wishes to file a "corrected" Form 67 in such cases, the adjuster shall not sign such form but shall attach thereto the Form 6. The Form 67 originally filed by the insured shall be transmitted promptly to the state director in all cases, if such form has not already been transmitted.

It will not be necessary to prepare a "corrected" Form 67 if the basic data on the original form are correct and settlement has been made in a lesser amount than the correct indemnity and the insured is requesting the additional amount.

Subsection B. Delayed Notice of Loss

1. If the notice of damage was given more than 15 days after any material damage to the crop during the growing season or notice of loss was given more than 15 days after the completion of harvest (for tobacco more than 15 days after sale), but in sufficient time for a Form 67 to be filed within the 60-day period following the time of loss, the insured shall be informed of the requirement of the contract for giving notice within the 15-day period. The adjuster shall request the insured to submit along with the Form 67, if one is filed, a statement showing the reasons for the delay in filing a notice of loss. In these cases, the adjuster shall prepare Form 6 showing (a) the portion of the acreage on which the crop(s) could be inspected, (b) whether he was able to determine accurately the actual acreage, (c) the method used in determining the production, (d) whether he is entirely satisfied that all production was accounted for, (e) whether he feels certain that he was able to ascertain the extent of any uninsurable cause of loss and the method of making per acre appraisals for such causes, (f) in what respects the evidence with regard to acreage and production is or is not as satisfactory as it would have been if the notice had been submitted within 15 days, and (g) any other facts which he considers pertinent to the case.
2. Where it is evident when the adjuster receives Form 8 that it will not be possible for the insured to file a Form 67 within the 60-day period after the time of loss, he should act under existing instructions from the state director for such cases or request instructions from the state director as to whether he should make an inspection. Where it is not clear to the adjuster when he receives Form 8 whether it will be possible for the insured to file a Form 67 within the 60-day period after the time of loss, but he finds upon inspection that the notice was given too late to permit the inspection to be made and the Form 67 to be filed within this period, the adjuster shall make the inspection, prepare Form 63 and obtain from the insured a written statement as to the reason for the delay in filing the notice of loss, and submit the case to the director for consideration without preparing a Form 67. However, if the insured insists upon filing a Form 67 in cases of this kind, he should be permitted to do so but he should be informed of the 15-day provision for reporting loss to the county office and the 60-day provision for filing a Form 67, but the adjuster should not sign those Forms 67 indicating his approval.

Subsection C. Delayed Forms 67

The contract provides that the Form 67 shall be filed not later than 60 days after the time of loss, unless the time for filing the claim is extended in writing by the Corporation. This 60-day period will not be extended except in the most meritorious cases. Where a Form 67 is submitted more than 60 days after the time of loss as set forth in Section III, Subsection A, hereof, the adjuster shall request the insured to submit along with the Form 67 a statement showing the reasons for the delay in order that a determination may be made as to whether the extension is to be granted. In these cases, the adjuster shall submit a statement on Form 6 giving all the information requested in subsection B of this Section.

SECTION V. SETTLEMENT OF LOSS CLAIMS

The adjuster shall inform the insured that any claim for indemnity submitted in accordance with the contract and applicable procedures will be paid by the issuance of a check of the Corporation payable to and mailed to the person(s) entitled to such payment.

SECTION VI. DISTRIBUTION OF FORMS

Distribution of forms shall be made as follows:

Form 63

The state office copy shall be forwarded to the state director.

The insured's copy shall be given to the insured at the completion of the inspection.

The county office copy shall be filed in the insured's crop insurance folder on file in the county office.

Form 67

The adjuster shall forward all copies of Form 67, including the insured's copy to the state director.

After a review thereof has been made by the Corporation, the insured's copy will be mailed to him, the state office copy will be filed in the related folder, and the county office copy will be forwarded to the county office for filing in the insured's crop insurance folder after any necessary corrections in the premium, as are indicated at the bottom of Form 67, are made on county office records of the insured's premium account.

SECTION VII. SPECIAL INSTRUCTIONS PERTAINING TO CERTAIN CROPS

Beans (Dry Edible)

Michigan and New York: The production must be determined on the basis of sound whole beans after picking. After the milling-screening defects are removed, the percent of actual pick must be determined. If the percent pick cannot be determined for appraisal of production during the growing season, use 4 percent pick. Subtract the percent pick from 100 percent and multiply this figure by the weight of the threshed beans (after milling and screening defects are removed) to arrive at the production of beans to be counted.

Colorado, Oregon and Wyoming: The production of sound whole beans must be determined on the basis of the grade. After the milling and screening defects are removed, the grade must be determined by sample. Where appraisals of production are made, such production will be counted on the basis of U. S. No. 2 grade. The production of sound whole beans to be counted shall be determined by multiplying the quantity of threshed beans (after milling and screening defects are removed) by the applicable factors in the following table.

| | <u>All Beans except Pinto</u> | <u>Pinto</u> |
|-------------|-------------------------------|--------------|
| U. S. No. 1 | .98 | .96 |
| U. S. No. 2 | .96 | .94 |
| U. S. No. 3 | .94 | .92 |

Where the beans are sample or sub-standard grade, the production of sound whole beans shall be determined as set forth above for Michigan.

Canning Peas

Applicable in Monroe County, N. Y.: The production shall be expressed in tons (rounded to tenths of tons). Any production which is not harvested must be determined by appraisal.

Applicable in Fond du Lac County, Wisconsin: The actual amount of production shall be entered on the Form 63. (Col. I).

The contract provides that canning peas be valued at the fair market value which in most instances will be the gross returns due the farmer for his canning peas. Deductions for harvesting costs, fertilizer, and so forth, will be disregarded in determining the gross returns.

In every case of loss adjustment it will be necessary for the loss adjuster to designate on the inspection report in the "Remarks" section the name of the canner with whom the insured has a contract and whether or not the contract is a seedfree contract. If the insured has a seedfree contract, the adjuster will add to the gross returns (a) an amount equal to 30 percent of those returns, plus (b) any bonuses, such as those for late planting, paid or owing to the insured, to arrive at the value of the production to be counted under the contract. Any contract which provides that the canner will cancel only a part of the cost of the seed peas will not be considered as a seedfree

contract and the value of production in such case will consist of (a) the gross returns received by the producer plus (b) the amount of any bonuses. In the event an insured, through no fault of his own, is unable to harvest his peas as canning peas and they go the dry pea stage, the fair market value will be the gross amount due the farmer for his dry peas. In the event these peas are not harvested, the adjuster is to make an appraisal of the amount of dry peas and place a valuation on these peas based on the dry pea price included in the insured's contract with the canner. If the insured has a contract with a canner whereby the canner does not agree to take the dry peas or does not stipulate a price which will be paid for dry peas, the adjuster will arrive at a value by using the highest price stated for dry peas in the contract of any other canning company operating in the county.

Determining Production of Farm Stored Grain (Wheat, Oats, Barley, Rye and Corn)

In determining the total amount of production of farm stored grain the adjuster shall be guided by the following instructions:

1. Determine the gross cubic feet of grain in the bin or crib (See Adjuster's Handbook for methods of determining contents of bins and cribs.)
2. Determine the net cubic feet of grain by subtracting from the gross cubic feet, the number of cubic feet displaced by chutes, vents, studs, cross-ties, etc., which have been included in the over-all measurements of the bin or crib.
3. Determine the number of bushels of grain by volume in accordance with one of the following methods, as applicable:

a. For Unhusked Corn

- (1) Fill a container with a representative sample of unhusked corn.
- (2) Remove the husks from the sample of corn.
- (3) Determine the percent that the volume of clean husked corn is of the volume before removing the husks. (If a box or a container having the same diameter from top to bottom is used, the percentage may be obtained by dividing the depth of the husked corn by the depth of the unhusked corn.) Round the factor to two decimal places. Example: .72.
- (4) Multiply the net cubic feet of corn determined under paragraph 2 above, by the percent obtained in (3) above. The result represents the net volume (cu.ft.) of clean husked corn in the crib.
- (5) Multiply the net volume (cu.ft.) of clean husked corn obtained under (4) above, by 0.4 to obtain the total number of bushels of clean husked corn in the crib. The result shall be rounded to bushels.

b. For Clean Husked Corn

- (1) Determine the net volume (cu.ft.) of clean husked corn in the crib in accordance with paragraphs 1 and 2 above.
- (2) Multiply the net volume of clean husked corn (cu.ft.) by 0.4 to obtain the total number of bushels of clean husked corn in the crib. The result shall be rounded to bushels.

c. Shelled Corn, Wheat, Oats, Barley and Rye

- (1) Determine the net volume (cu.ft.) of grain in the bin as provided in paragraphs 1 and 2 above.
 - (2) Multiply the net volume (cu.ft.) of grain by 0.8 to obtain the total number of bushels in the bin. The results shall be rounded to bushels.
4. In the remarks section of Form 63 the adjuster shall make the computations required in determining the number of bushels of farm stored grain.
 5. If in any particular state where corn is insured, the local marketing practices suggest some other method which appears to be more suitable for determining the amount of farm stored corn, the state director concerned shall submit to this office a complete outline of such method of determining production, and upon approval by the Washington Office the proposed method may be adopted in lieu of the above. The explanation by the state director should provide all the details involved in making the determination of farm stored corn, together with an indication as to why such method is preferred over those set forth above. If a recommendation for approval of a different method of determining production of farm stored corn is not submitted to this office, it will be assumed that these determinations are being made in accordance with the methods set forth above.

Corn for Grain - Field Appraisal of Unharvested Corn

Where an appraisal is to be made of unharvested corn which is to be harvested or for the purpose of determining the yield for an acreage used for silage or fodder, a recognized method of sampling shall be used by the adjuster. The director shall instruct the adjuster in the method to be used. Method A, "Ear Count Sample" and Method B, "Weight Sample" set forth below are acceptable methods of determining appraised production. If, however, a different method of sampling has been used in the past, and it is satisfactory, it is not required that either of the methods set forth below be used. In any event the method used shall be fully explained in Part III of Form 63. Generally the moisture content of corn in the field is higher than after it has been harvested and cribbed. Therefore, in any case before making an adjustment for quality of unharvested corn, the adjuster should be fully satisfied that such corn could not be made eligible for Commodity Credit Corporation loan requirements by practicable drying methods.

Success of any method of appraising the yield of corn in the field depends on selection of representative areas from which samples are taken. This should be done carefully and will require sampling from several locations in the field to obtain a representative average.

The adjuster will determine the number of samples to be taken, but it is recommended that not less than five samples of equal length be taken totaling the applicable distance shown in the following tables.

a. Method "A" - Ear Count Sample

The method outlined below provides for a determination of the number of ears per acre and an estimate of the average number required to make a 70 pound bushel of dry ear corn.

- 1) To determine the NUMBER OF EARS PER ACRE, measure the distance shown below for the row width of the insured's corn and count the ears.

| <u>Distance Between Rows</u> | <u>Length of Row to Measure</u> |
|------------------------------|---------------------------------|
| 3 foot | 145 foot |
| 3 foot 2 inches | 137 foot |
| 3 foot 4 inches | 131 foot |
| 3 foot 6 inches | 124 foot |
| 3 foot 8 inches | 119 foot |

The number of ears counted on one row of the length corresponding to row width when multiplied by 100 will be the number of ears on one acre.

- (2) The following shall be used as a guide in estimating the NUMBER OF EARS PER BUSHEL.

| <u>Size of Ears</u> | <u>Number Required to Weigh 70 lbs.</u> |
|---------------------|---|
| 10" and over | 80 |
| 9" average | 90 |
| 8" " | 100 |
| 7" " | 130 |
| 6" " | 180 |
| 5" " | 225 |
| 4" " | 260 |

- (3) To determine YIELD PER ACRE IN BUSHELS OF EAR CORN: Divide the number of ears per acre determined under (1) above by the average number of ears required to make a 70-pound bushel as determined under (2).

If careful selection has been made of a representative location for sample and a reasonably close estimate of the number of ears required to make a bushel has been made, the result obtained under (3) will be a fairly close estimate of production in bushels per acre.

b. Method "B" - Weight Sample

The yield per acre in bushels of 70 pound ear corn shall be determined by weighing the entire sample taken from the prescribed distance. Each pound of husked ear corn will represent one bushel per acre. (Carry weight to tenths of a pound)

| <u>Distance Between Rows</u> | <u>Distance to Measure</u> |
|------------------------------|----------------------------|
| 3 foot | 207 foot |
| 3 foot 2 inches | 197 foot |
| 3 foot 4 inches | 187 foot |
| 3 foot 6 inches | 178 foot |

Example: (12.3 pounds of husked ear corn will mean 12.3 bushels per acre.)
The accuracy of the above methods is contingent on the shelling percentage and moisture content of the corn samples, and it may be desirable to apply the respective factors to the yield as determined if either quality or moisture appreciably vary from the average. Normally, however, unless the insured or adjuster feels that it is necessary, a further determination need not be made.

c. Shelling percentage: The appraised yield or volume of cribbed ear corn may be reduced to a shelled corn basis by applying a shelling percentage factor in cases where consideration should be given for poorly filled ears of light corn. It is recognized that, if a large representative sample of ear corn is used in making this determination, a more accurate percentage factor can be obtained. However, in most cases a sample of five pounds of ear corn should prove satisfactory if care is exercised by the adjuster. The adjuster should follow the steps set forth below in arriving at a percentage factor to apply to the appraised yield or volume of cribbed ear corn.

(1) Shell a 5 pound sample of ear corn, (2) weight the shelled corn obtained to tenths of a pound, (3) divide this shelled weight by 4 and round the result to three places. This percentage figure when applied to the ear corn yield or bushels of cribbed ear corn will convert the production to a shelled corn basis. (Example - 3.2 pounds of shelled corn from the 5 pound ear corn sample.) (3.2 divided by 4 equals .800 is the factor to be applied.)

If a 5 pound sample of ear corn is not considered adequate to make a fair determination any of the following weight samples may be used.

10 pounds ear corn - Divide weight of shelled corn by 8.
15 pounds ear corn - Divide weight of shelled corn by 12.
20 pounds ear corn - Divide weight of shelled corn by 16.
25 pounds ear corn - Divide weight of shelled corn by 20.

d. Moisture Content

If it is necessary to make an adjustment for moisture content a representative sample of corn (harvested or unharvested) shall be taken from each crib or field. The percentage factor shown on the table below may be applied either to the yield per acre determined by field appraisal of unharvested mature corn or to the bushels by volume of cribbed corn. The moisture content of unharvested corn should not be used as a basis for determining whether the corn will be eligible for a loan unless it is clearly evident that the corn by proper handling could not be made eligible for loan.

CORN TABLE OF MOISTURE CONTENT CORRECTION FACTORS TO CONVERT
GROSS BUSHELS OF EAR CORN TO NET BUSHELS

| Moisture content (percent) | Percentage factor | Moisture content (percent) | Percentage factor |
|-------------------------------|----------------------|-------------------------------|----------------------|
| 15.5 or less | 103 | 24.6 to 25.5 | 88 |
| 15.6 to 16.5 | 101.5 | 25.6 to 26.5 | 86.5 |
| 16.6 to 17.5 | 100 | 26.6 to 27.5 | 85 |
| 17.6 to 18.5 | 98.5 | 27.6 to 28.5 | 83.5 |
| 18.6 to 19.5 | 97 | 28.6 to 29.5 | 82 |
| 19.6 to 20.5 | 95.5 | 29.6 to 30.5 | 80.5 |
| 20.6 to 21.5 | 94 | 30.6 to 31.5 | 79 |
| 21.6 to 22.5 | 92.5 | 31.6 to 32.5 | 77.5 |
| 22.6 to 23.5 | 91 | 32.6 to 33.5 | 76 |
| 23.6 to 24.5 | 89.5 | 33.6 to 34.5 | 74.5 |
| | | 34.6 to 35.5 | 73 |

Corn - Silage

Report production of corn silage in tons of silage or in the equivalent number of bushels of corn in the silage, whichever unit is used for valuing production in the county rider to the policy.

Cotton

The stages of coverage for cotton and the methods to be used in determining the production to be counted are set forth below.

First Stage - Acreage Released by the Corporation Because of Damage Occurring Prior to Laying by the Crop - 40% of Coverage

The production to be counted for acreage in this stage shall be determined as follows:

- (1) Multiply each acreage released by the appraisal per acre and total the results.
- (2) Multiply the total acreage which is released by the difference between the coverage per acre in this stage and the coverage per acre for the harvested stage.
- (3) Divide the product in (2) by the predetermined price.
- (4) If item (1) exceeds item (3), the excess is the production to be counted.

Second Stage - Acreage on which the Crop is Laid by and Not Harvested - 75 % of Coverage

The production to be counted for acreage in this stage shall be determined as follows:

- (1) Multiply each acreage on which the crop is laid by and not harvested by the appraisal per acre and total the results. Add to this amount the amount of any harvested production from acreage which does not qualify for third stage coverage.
- (2) Multiply the total acreage which is laid by and not harvested by the difference between the coverage per acre in this stage and the coverage per acre for the harvested stage.
- (3) Divide the product in (2) by the predetermined price.
- (4) If item (1) exceeds item (3), the excess is the production to be counted.

Third Stage - Acreage Harvested - 100% of Coverage

An acreage of cotton will be considered as harvested only if an amount of cotton has been removed from the stalk which is equal in value (based on the predetermined price) to 10% or more of the third stage coverage for such acreage.

The production to be counted for this acreage is harvested production of cotton and the appraisal of any unharvested production.

Quality Adjustment on Cotton

An adjustment for quality shall be made for any production of cotton on which the quality is reduced to the extent that the value per pound as determined by the adjuster is less than 75 percent of the predetermined price. In these cases the damaged production shall be adjusted downward to the number of pounds obtained by dividing the total value of such cotton by 75 percent of the predetermined price.

In determining the total value of damaged cotton (which is eligible for an adjustment for quality) the adjuster shall use the following guide:

- (1) For each bale of cotton sold the value shall not be less than the highest of (1) the sale price, (2) the market value at the time of sale, or (3) the CCC loan value.
- (2) For each bale of cotton which has not been sold prior to the time the loss has been adjusted, the value shall be the higher of the local market value or the CCC loan value.
- (3) For cotton which is not ginned (either harvested production or appraised unharvested production) the value shall be the fair market value.

In executing Form 67 where an adjustment for poor quality cotton is made enter in Part I, Column I the adjusted number of pounds as determined above and in Column J the predetermined price. Enter in parenthesis in Columns B through H on a separate line the total pounds of poor quality cotton before the adjustment and the total value of such cotton as determined by the adjuster. (Example: 3500 lbs. - \$436.00.)

Hay

Before considering acreage of hay as insured acreage, a determination must be made that there was a stand, on a date established for the beginning of the insurance period for the crop year, sufficient that farmers in the area generally would leave it for harvest. Any acreage of hay which is turned under because of a customary rotation practice before a cutting has been made in that crop year will not be considered as insured acreage unless it has been substantially destroyed and released by the Corporation.

Any production grown on insured hay acreage (including any production of volunteer or other uninsured hay crop) shall be counted as production of the insured hay crop.

The production to be counted for insured acreage shall be (1) all cuttings of the hay crop on the basis of actual production, and (2) the appraised production for any cuttings that are not made because the hay crop is used for seed or pasture or is turned under. In making appraisals of production for hay that is not cut, production on comparable fields in the area should be used as a guide. (See exceptions for Arkansas County, Arkansas; and Malheur County, Oregon, in county rider.)

The adjuster shall not under any circumstances reduce the amount of production to compensate for poor quality hay. The entire production of hay shall be counted.

In Jackson and Kent Counties, Michigan, Pawnee County, Nebraska, and Waupaca County, Wisconsin, provision has been made in the county rider for some quality protection on hay. In these counties the adjuster must determine the amount of hay which is unfit for feeding purposes due to insurable causes, and value such poor quality hay at a price which he actually determines to be the market price in the area for similar quality hay. All hay which is fit for feeding purposes shall be valued at the predetermined price.

Lespedeza insured for hay or seed - Arkansas County, Arkansas.

In the case of lespedeza acreage which is released, the appraisal should be the amount of hay that could have been harvested at the proper time or the amount of seed which could have been harvested at the proper time, whichever has the higher value under the contract, except that where an insured intentionally leaves lespedeza acreage for seed the appraisal will be on the basis of the seed which could have been harvested from this acreage.

Peanuts

The production of peanuts from acreage planted for harvest as nuts and which is released to be hogged off shall be determined by appraisal.

Where any acreage of peanuts planted to be hogged off and so designated on the acreage report is harvested for nuts, the production from such acreage is to be counted but such acreage is not insured acreage and is not to be included on the Form 67.

Potatoes (Irish and Sweet)

For potatoes to be insured there must be not less than one acre on the insurance unit. The insurance period ends upon digging. Any damage which occurs after digging will not be considered in determining a loss under the contract.

The production of any potatoes that are not dug by the end of the insurance period shall be determined by appraisal.

Irish Potatoes

Production of Irish potatoes will be counted on a field run basis. All production which will meet the latest available requirements for a Commodity Credit Corporation loan or support will be valued at the predetermined price per hundred weight. Any production which will not meet these requirements will be valued at the highest price obtainable. If the potatoes have not been graded at the time the loss is adjusted, the adjuster shall determine on a sample basis, the production which will not meet the latest available loan requirements and the value thereof.

Sweet Potatoes

Production of sweet potatoes will be counted on a field run basis except that strings and jumbos (which are unmarketable) will not be counted. If strings and jumbos are removed from the field and have not been separated from the production at the time the loss is adjusted, the adjuster will determine on a sample basis the percent of potatoes which are strings and jumbos and which will not be counted.

Snap Beans - Monmouth County, New Jersey

The rider to the policy provides that the coverage per acre for snap beans shall be reduced 60 percent for any acreage on which the insured fails to get a stand sufficient that farmers in the area generally would leave the crop for harvest, as determined by the Corporation.

Instructions for listing acreages of snap beans on the multiple crop acreage report were included in a separate memorandum dated April 2, 1952. These instructions are still applicable and the acreages of snap beans will be listed and the premium will be determined on Form 67 in the same manner.

The inspection report will show each acreage released by the Corporation because of failure to obtain a stand, and in case of loss on the insurance unit it will be necessary to reduce the coverage to 40 percent of the maximum for such acreage in accordance with the provisions of the rider to the policy.

Strawberries

For strawberries to be insured (1) there must be not less than two-tenths of an acre planted on an insurance unit, and (2) there must be a sufficient stand on the date specified in the rider to expect a normal crop to be produced and the strawberries must have been planted by the date specified in the rider.

Production will be counted on a field run basis. Any production that is not harvested will be determined by appraisal.

Sugar Beets

Insurance attaches upon planting.

Production of sugar beets will be counted on a field run basis. Any production of sugar beets which are not lifted and topped by the end of the insurance period shall be determined by appraisal.

Stages of Coverage and Methods of Determining Production to be Counted

First Stage - Acreage Released Because of Damage Occurring Before Thinning - 20% of Coverage.

The production to be counted for acreage of sugar beets released in this stage shall be determined as follows:

- a. $\frac{\text{abandonment payment for acreage released}}{\text{predetermined price}}$ = ton equivalent of abandonment payment.
- b. $\frac{(\text{coverage per acre}) \times (0.20) \times \text{acreage released}}{\text{predetermined price}}$ = ton equivalent coverage for first stage.

Count production determined under (a) or (b) above, whichever is smaller.

Second Stage - Acreage Released After Thinning and Planted to a Substitute Crop - 40% of Coverage.

The production to be counted for acreage released in this stage shall be determined as follows:

- a. $(\text{appraisal per acre}) \times (\text{acreage released}) = \text{appraised production.}$
- b. $\frac{(\text{acreage released}) \times (\text{harvested stage coverage} \times 0.60)}{\text{predetermined price}} = \text{production which will not be counted.}$
- c. Amount by which item (a) exceeds item (b).
- d. $\frac{(\text{abandonment payment for acreage released})}{\text{predetermined price}} = \text{ton equivalent of abandonment payment.}$
- e. $\frac{(\text{coverage per acre}) \times (0.40) \times (\text{acreage released})}{\text{predetermined price}} = \text{ton equivalent coverage for second stage.}$
- f. Smaller of item (d) or item (e).
- g. Item (c) plus item (f) equals the total production to be counted.

Third Stage - Acreage Released After Thinning on Which Sugar Beets are Not Lifted and Topped and Not Planted to a Substitute Crop - 75% of Coverage.

The production to be counted in this stage shall be determined as follows:

- a. $(\text{appraisal per acre}) \times (\text{acreage released}) = \text{appraised production.}$
- b. $\frac{(\text{acreage released}) \times (\text{harvested stage coverage} \times 0.25)}{\text{predetermined price}} = \text{production which will not be counted.}$
- c. Amount by which item (a) exceeds item (b).
- d. $\frac{(\text{abandonment payment for acreage released})}{\text{predetermined price}} = \text{ton equivalent of abandonment payment.}$
- e. $\frac{(\text{coverage per acre}) \times (0.75) \times (\text{acreage released})}{\text{predetermined price}} = \text{ton equivalent coverage for third stage.}$
- f. Smaller of item (d) or item (e).
- g. Item (c) plus item (f) equals the total production to be counted.

Fourth Stage - Acreage on which Sugar Beets are Lifted and Topped - 100% of Coverage.

The production to be counted in this stage is the actual production of the sugar beets.

Sugarcane

For sugarcane to be insured there must be (1) not less than one acre, (including sugarcane for seed) on the insurance unit, and (2) acreage on which not more than two previous crops have been harvested from that planting.

Production of sugarcane will be counted on the basis of standard tons of sugarcane except as provided below.

If the cane is processed for sugar the production will be shown in standard tons on the receipt issued by the processor. If a part of the production is delivered to a sugar mill and a part of the production is delivered to a syrup mill, an average factor shall be determined on the basis of the cane delivered to the sugar mill to convert the straight tons delivered to the syrup mill to standard tons. If all of the production is delivered to a syrup mill, the production shall be counted on a straight ton basis. Sugarcane used for planting will be counted on whichever basis set forth above applies to the insured.

Sweet Corn

The production shall be expressed in units shown in the county rider. Any production which is not harvested for market or for processing must be determined by appraisal.

Tobacco

Form 63: Two columns in Part II will be required for recording the production of tobacco. Enter in the heading of the first column the notation "Tobacco - (lbs.)." Enter in the heading of the second column the notation "Tobacco - (\$)." For each warehouse or buyer whose name is entered in the space provided, enter in the (lbs.) column the number of pounds of tobacco involved in the sale. Where tobacco is sold through a warehouse, enter in the (\$) column the net returns from the sale. Where tobacco is sold other than through a warehouse enter in the (\$) column the larger of the net returns or the fair market value of the tobacco so sold, as determined by the adjuster.

For any tobacco harvested and not sold, enter in the (lbs.) column the number of pounds of such tobacco and enter on the corresponding line of the (\$) column the appraised value of such tobacco.

Form 67: Data for actual production of tobacco and for appraised production shall be entered on separate lines of Form 67 and identified in column A.

For actual production the entry in column K will be the insured's share of the value of production as entered in the (\$) column of Form 63. No entry need be made in column J for such production.

For appraised production which is to be counted, as shown in Part I of Form 63, or under "Remarks", enter in column I of Form 67 the insured's share of such appraised production. Enter in column J the appraised value per pound which shall be the fair market price for that type of tobacco. Enter in column K the product of the entries in column I and column J.

Tomatoes

Production will be counted on a field run basis. Any production that is not harvested will be determined by appraisal. Production of tomatoes will include all tomatoes which are (1) to be sold on the fresh market or as "green wraps" (2) delivered to a processor. (See county rider for minimum acreage and other special provisions.)

Alta Fescue, Austrian Winter Peas, Crimson Clover, Ryegrass, and Vetch Planted for Harvest as Seed

The production for any acreage which was planted for harvest as seed and which is cut for hay, or is pastured or is turned under shall be determined by appraising the production which would have been realized if the crop had been left for seed. Comparable fields in the area on which seed is harvested should be used as a guide in making such appraisals.

Lespedeza and Red Clover Planted for Harvest as Seed

Where an acreage is released by the Corporation and planted to a substitute crop appraised production shall be on a hay basis. Where the acreage is not planted to a substitute crop the adjuster will determine the production either on a hay or seed basis, whichever results in the higher value.